



DEPARTMENT OF THE TREASURY

2018 Report on the Effectiveness of the Terrorism Risk Insurance Program

AGENCY: Departmental Offices, U.S. Department of the Treasury.

ACTION: Request for comment.

SUMMARY: The Terrorism Risk Insurance Program Reauthorization Act of 2015

(Reauthorization Act), which extended and amended certain provisions of the Terrorism Risk Insurance Program (TRIP or Program), requires the Secretary of the Treasury (Secretary) to submit a report to Congress by June 30, 2018 concerning, in general, the overall effectiveness of TRIP. To assist the Secretary in formulating the report, the Federal Insurance Office (FIO) within the Department of the Treasury (Treasury) is seeking comments from the industry and other stakeholders on the statutory factors that the report must analyze, as well as any other feedback about the effectiveness of TRIP.

DATES: Submit comments on or before [INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]

ADDRESSES: Submit comments electronically through the Federal eRulemaking Portal at <http://www.regulations.gov>, in accordance with the instructions on that site, or by mail to the Federal Insurance Office, Attn: Richard Ifft, Room 1410 MT, Department of the Treasury, 1500 Pennsylvania Avenue NW., Washington, DC 20220. Because postal mail may be subject to processing delays, it is recommended that comments be submitted electronically. If submitting comments by mail, please submit an original version with two copies. Comments concerning the 2018 report on the effectiveness of the Terrorism Risk Insurance Program should be captioned with “2018 TRIP Effectiveness Report.” In general, Treasury will post all comments to www.regulations.gov without change, including any business or personal information provided

such as names, addresses, email addresses, or telephone numbers. All comments, including attachments and other supporting materials, are part of the public record and subject to public disclosure. You should submit only information that you wish to make available publicly.

Where appropriate, a comment should include a short Executive Summary (no more than five single-spaced pages).

Additional Instructions. Responses should also include: (1) The data or rationale, including examples, supporting any opinions or conclusions; and (2) any specific legislative, administrative, or regulatory proposals for carrying out recommended approaches or options.

FOR FURTHER INFORMATION CONTACT: Richard Ifft, Senior Insurance Regulatory Policy Analyst, Federal Insurance Office, (202) 622-2922 (this is not a toll-free number) or Lindsey Baldwin, Senior Policy Analyst, Federal Insurance Office, (202) 622-3220 (not a toll free number). Persons who have difficulty hearing or speaking may access these numbers via TTY by calling the toll-free Federal Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

The Terrorism Risk Insurance Act of 2002, as amended (TRIA), requires participating insurers to make insurance available for losses resulting from acts of terrorism, and provides a federal government backstop for the insurers' resulting financial exposure. TRIA established TRIP within Treasury, and the Program is administered by the Secretary with the assistance of FIO. Section 111 of the Reauthorization Act (Pub. L. 114-1) requires the Secretary to prepare and submit reports to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on, among other things, the impact and effectiveness of TRIP. The report which is to be submitted by June 30, 2018 will

also include an analysis of information that is being collected by Treasury through the 2018 TRIP Data Call,¹ which will gather certain data appropriate to analyze the effectiveness of TRIP.

II. Solicitation for Comments

The Section 111 factors that must be considered in the report and on which Treasury seeks comments include:

1. The overall effectiveness of TRIP;
2. Any changes or trends you have observed relating to the data Treasury is collecting under Section 111 of the Reauthorization Act;
3. Whether any aspects of TRIP have the effect of discouraging or impeding insurers from providing commercial property casualty insurance coverage or coverage for acts of terrorism; and
4. Any impact of TRIP on workers' compensation insurers in particular.

Collecting information and views via this request for comments on the matters that must be addressed in the report will enhance the accuracy and value of the report to Congress, by offering qualitative feedback that may not be otherwise observable through the results of the TRIP Data Calls. Comments from insurers that are otherwise providing data, from other stakeholders, and from the public at large will assist the Secretary in the formulation of the report.

In addition to comments on the above statutory factors, Treasury also seeks comments on:

5. The availability and affordability of terrorism risk insurance coverage, both nationally and in particular geographic areas;
6. Whether any lines of insurance or coverages within certain lines of insurance currently subject to the Program do not require the support of TRIP;

¹ The proposed data collection for Calendar Year 2018 that Treasury will use in analyzing the Program has been described by Treasury in a separate notice. 82 FR 56328 (November 28, 2017). Treasury will also discuss the results of the prior 2017 TRIP Data Call in this report on the effectiveness of the Program.

7. The market for standalone terrorism risk insurance that is written outside of TRIP, the reasons such coverage is offered and obtained, and whether the existence of such insurance provides any insights into the effectiveness of the Program;
8. The availability and affordability of private reinsurance, or capital markets support, for terrorism risk insurance exposures (both those which are currently subject to support under TRIP as well as those otherwise held by insurers participating in TRIP);
9. The extent to which reinsurance for terrorism risk is being obtained as part of catastrophe reinsurance programs generally, the reasons for this, and how if at all this has affected market capacity for terrorism risk reinsurance generally;
10. Any factors that impede private reinsurance or capital markets support for terrorism risk insurance;
11. The availability of terrorism risk insurance coverage for losses arising from nuclear, biological, chemical, or radiological (NBCR) exposures, and the availability of private reinsurance or capital markets support for such terrorism risk insurance;
12. Terrorism risk insurance issues presented by cyber-related losses, the impact of TRIP in connection with such exposures, and any reforms that would encourage the take up of insurance for cyber-related losses arising from acts of terrorism within the meaning of TRIA;²
13. Private reinsurance or capital markets support for cyber-related losses arising from acts of terrorism within the meaning of TRIA; and
14. Any other issues relating to TRIP or terrorism risk insurance or reinsurance that may be relevant to an assessment of the effectiveness of TRIP in the report.

² Treasury has previously addressed the application of TRIP to policies covering cyber-related losses. 81 FR 95312 (December 27, 2016).

Dated: March 12, 2018.

Steven E. Seitz,

Deputy Director,

Federal Insurance Office.

BILLING CODE 4810-25-P

[FR Doc. 2018-05433 Filed: 3/15/2018 8:45 am; Publication Date: 3/16/2018]